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U.S. Bureau of Foreign and Domestic Commerce

Salient facts in China's trade

Washington

1927

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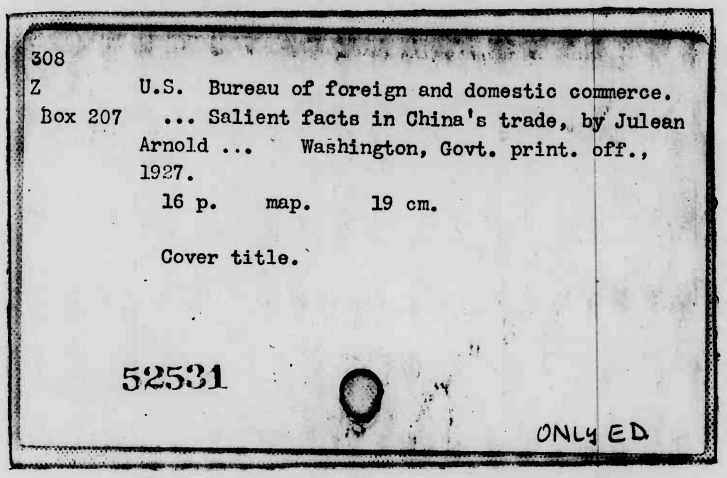

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DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE
WASHINGTON

SALIENT FACTS
IN
CHINA'S TRADE

308
Z
Box 207

By
JULEAN ARNOLD
American Commercial Attaché

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON
1927

SALIENT FACTS IN CHINA'S TRADE

1. In area China is larger than Europe and nearly as large as the United States and Mexico combined. It extends from a latitude comparable with that of the southern end of Hudson Bay in Canada to that of Mexico City. In latitude Peking corresponds with Philadelphia, Shanghai with Mobile, and Canton with Habana, Cuba.

2. The average annual rainfall for the northern region is about 20 inches, for the Yangtze Valley 40 inches, and for the southern region 80 inches.

3. China's population is almost equal to that of Europe, six times that of South America, and is about one-fourth of the population of the world.

4. Six-sevenths of China's population is concentrated in one-third of its territory, owing mainly to lack of railways. The country is not over-populated, but its population is badly distributed.

5. The Yangtze Valley has an estimated population of 200,000,000. The Yangtze delta, equal in area to the State of Illinois, has an estimated population of 40,000,000, or about 800 to the square mile.

6. Shanghai, at the mouth of the Yangtze River, is China's most populous city. During the past few decades its population has increased from 500,000 to 2,000,000. In tonnage entries, Shanghai ranks among the first eight ports of the world. Hundreds of millions of dollars have been expended in modern building construction in Shanghai, making it the New York and Paris of China.

7. China needs about 100,000 miles of railways to take care of its pressing transportation requirements; it has 7,700 miles as compared to America's 265,000 miles. The Chinese Government owns and operates about 60 per cent of the country's railway mileage.

8. China has 11,800 post offices, 31,000 miles of telegraph wire, and about 100,000 telephones. The United States has 51,000 post offices, 1,850,000 miles of telegraph wire, and 15,000,000 telephones.

9. There are only 20,000 motor vehicles in operation in China, compared with upwards of 20,000,000 in the United States. China has but 10,000 miles of roads fit for motor transportation compared with America's 400,000 miles of metal-surfaced roads. The good-roads movement in China is growing in popularity.

10. China's per capita consumption of iron and steel is about one one-hundred-and-eightieth that of the United States. Its annual consumption of cement is 3 pounds per capita, compared with 85 pounds for Japan and 450 pounds for the United States. China produces 3,000,000 barrels of cement annually, which is equal to one-fortieth of America's production. Its 14 blast furnaces have an annual capacity of 850,000 tons of pig iron, compared with America's total capacity of 45,000,000 tons.

11. China's coal output in 1925 was about 25,000,000 tons, compared with America's 585,000,000 tons. Coal deposits are to be found in every Province of China, but increased production depends upon improved transportation facilities.

12. China is rich in tin and antimony deposits, supplying 75 per cent of the world's antimony consumption.

13. China's 400 electric-light plants have an aggregate capacity of 250,000 kilowatts. The Shanghai municipal plant of 120,000 kilowatts capacity sells electricity for power purposes at 0.02 to 0.03 tael (1½ to 2 cents U. S.) per kilowatt hour. The country is rich in undeveloped water-power possibilities.

14. The aggregate daily capacity of China's 160 modern flour mills is 120,000 barrels, with Shanghai, Harbin, Hankow, Tientsin, Tsinanfu, and Wusih as the flour-milling centers. China imported during 1924 4,000,000 barrels and during 1925 2,000,000 barrels of flour.

15. China has 3,500,000 cotton spindles, compared with Japan's 5,300,000, America's 35,000,000, and England's 57,000,000. Of China's spindles, 55 per cent are Chinese owned and 40 per cent Japanese owned or controlled. China has 25,500 looms, compared with America's 650,500 and England's 900,000. Of China's looms, 63 per cent are Chinese and 28 per cent Japanese operated.

16. China's imports of cotton yarn and piece goods in 1920 rose to 147,000,000 taels but dropped in 1925 to 90,000,000 taels, due mainly to the advancement of cotton manufacturing in China.

17. During the year 1890 the smokestacks of modern factories first appeared on the Chinese horizon. There are now in China hundreds of industrial plants of modern type, and the number will increase very materially as time goes on, as the country is only at the dawn of modern industrialism.

18. In cotton production China ranks third among the nations of the world, with about 2,500,000 bales, the equivalent of 20 per cent of the American crop.

19. Estimates (educated guesses) of China's agricultural crops are as follows: Rice, 1,000,000,000 bushels; wheat, 400,000,000 bushels; kaoliang, 500,000,000 bushels; cotton, 2,500,000 bales (500 pounds each); soya beans, 5,000,000 tons; peanuts, 900,000 tons; silk, 300,000 bales (133 pounds each).

20. China's imports in 1880, valued at 80,000,000 taels, comprised opium, 40 per cent; cotton goods, 30 per cent; metals, 5 per cent; and sundries, 25 per cent. Its exports in that year aggregated 78,000,000 taels, of which tea was 50 per cent and silk 40 per cent. Less than 10 items in either imports or exports aggregated 1,000,000 taels each.

21. During 1910 China's imports aggregated 463,000,000 taels ($306,000,000) and its exports 381,000,000 taels ($250,000,000). Of the 1910 imports, 35 items were each in excess of 1,000,000 taels ($660,000), with cotton yarn and cotton goods representing 26 per cent and opium 12 per cent of the total. Of the exports, 33 items were over 1,000,000 taels each, with silk 21 per cent, tea 9 per cent, raw cotton 8 per cent, and bean products 8 per cent of the total.

22. China's imports for 1925 were valued at 950,000,000 taels ($800,000,000), with cotton goods and cotton yarn constituting 9 per cent, raw cotton 7 per cent, kerosene 7 per cent, rice 6 per cent, metals 4 per cent, and tobacco and cigarettes 4 per cent. During 1925 China took 20 per cent of America's kerosene exports, 12 per cent of its leaf tobacco, and 60 per cent of its exports of cigarettes. Fifty-four items in China's 1925 imports and 48 items in its exports aggregated, individually, upwards of 1,000,000 taels.

23. China's foreign trade increased from 158,000,000 taels in 1880 to 844,000,000 taels in 1910 and 1,700,000,000 taels in 1925. In spite of China's internal disorders, trade and industry continue to make substantial progress.

24. Of the Maritime Customs revenues collected in 1925, Shanghai contributed 37 per cent, Tientsin 12 per cent, Dairen 9 per cent, Hankow 8 per cent, Tsingtao 4 per cent, and

Canton 4 per cent. In 1910 Shanghai contributed 35 per cent, Tientsin 9 per cent, Hankow 9 per cent, Canton 8 per cent, Tsingtao 3 per cent, and Dairen 3 per cent.

25. China's exports for 1925 aggregated 775,000,000 taels ($650,000,000), with raw silk representing 20 per cent, beans and bean products 18 per cent, raw cotton 4 per cent, skins, hides, and furs 4 per cent, and peanuts and peanut products 3 per cent. In 1925 America took about 25 per cent of China's exports.

26. China's imports of kerosene rose from 26,000,000 taels (161,000,000 gallons) in 1910 to 66,000,000 taels (258,000,000 gallons) in 1925; cigarettes and tobacco from 9,000,000 to 37,000,000 taels in the same period; flour from 3,500,000 to 16,000,000 taels; machinery from 9,000,000 to 15,500,000 taels; paper from 4,500,000 to 19,000,000 taels; sugar from 21,000,000 to 90,000,000 taels; artificial indigo from 7,600,000 to 15,000,000 taels. (In 1910 one tael was equal to $0.66; in 1925 it equaled $0.84.)

27. Upwards of 90 per cent of America's exports to China consist of kerosene and petroleum products, tobacco and cigarettes, flour, wheat, metals, and minerals (including silver and copper), machinery (particularly cotton-mill, flour-mill, and electrical), dyes, colors, and paints, raw cotton, lumber, tinfoil, paper, motor cars, electrical fittings, sanitary, heating, and building materials, canned fruits, condensed milk, and chemical and medical preparations.

28. In China's exports raw silk increased from 85,000,000 taels in 1910 to 153,000,000 taels in 1925; beans and bean products from 27,000,000 to 142,000,000 taels in the same period; hides and skins from 16,000,000 to 30,000,000 taels; coal from 1,700,000 to 20,000,000 taels; eggs and egg products from 4,000,000 to 18,000,000 taels; wool from 5,000,-

000 to 14,000,000 taels; peanuts from 3,000,000 to 25,000,000 taels; wood oil from 4,000,000 to 17,000,000 taels. (In 1910 1 tael was equal to $0.66; in 1925 it equaled $0.84.)

29. According to the Chinese customs statistics, in 1910 the United States had 5 per cent of China's import trade and 8 per cent of its export trade, whereas for 1925 the customs statistics credited the United States with 15 per cent of China's imports and 18 per cent of its exports. The total American trade in China has risen from 57,000,000 taels (imports 25,000,000 taels, exports 32,000,000 taels) in 1910 to 286,000,000 taels (imports 143,000,000 taels, exports 143,000,000 taels) in 1925. If readjustments are made, giving America its share of China's trade credited to other countries, particularly the British colony of Hongkong, these figures would be considerably larger, giving America about 20 per cent of China's imports and 25 per cent of its exports. For instance, the declared export returns covering goods exported from China to the United States and entered upon consular invoices for the year 1925 were $159,500,000 gold (190,000,000 taels), or 47,000,000 taels more than are credited to the United States by the Chinese customs statistics.

30. Of China's carrying trade, America's tonnage in 1910 was 725,000, compared with 5,900,000 in 1925. America's share in the carrying of China's imports and exports with foreign countries for 1925 was 10 per cent of the total, compared with 0.08 per cent for 1910, an increase of 125 fold.

31. China's present import tariff is on a uniform 5 per cent basis, subject, however, to a possible increase in the near future to 7½ per cent and, later, to possible further increases to a maximum of 27½ per cent on certain luxuries. In addition to the 5 per

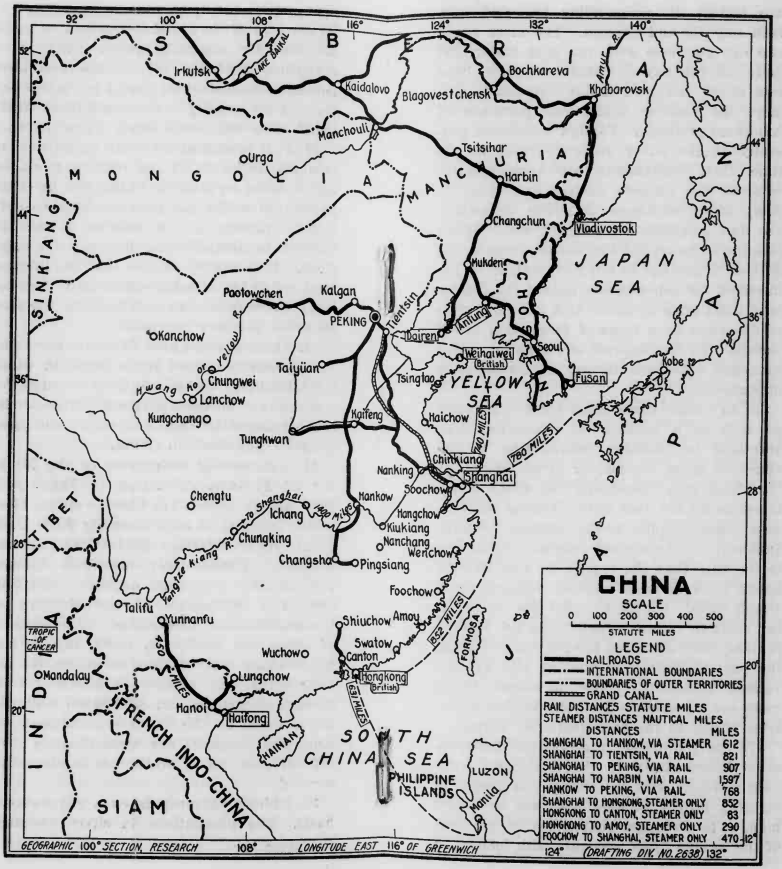
cent import tariff, an amount equivalent to 50 per cent of the tariff is assessed on goods destined for nontreaty ports. There is a noticeable tendency for certain semi-independent administration groups in various sections of the country to disregard these treaty tariff rates and assess much higher taxes.

32. It is presumed that with an advance of customs duties to 12 per cent or more, internal taxes on trade in China will be eliminated, but under the present chaotic conditions obtaining in the interior it will be difficult to abolish these internal tax exactions. It is worthy of note that the internal trade of China is being subjected to increasingly burdensome tax exactions by the irresponsible military overlords.

33. There are in China 69 treaty ports and 11 voluntarily opened trade marts in which foreigners may reside and lease premises for residental or business purposes. Missionaries are privileged by treaty to reside and lease premises anywhere in China.

34. Outstanding obligations of the Ministry of Finance, calculated to January 1, 1926, are as follows (in Chinese silver, $1 of which is equal to approximately $0.50 U. S. gold): Secured foreign, $811,000,000; secured domestic, $196,000,000; unsecured foreign, $405,000,000; unsecured domestic, $260,000,000. The obligations of the Ministry of Communications (September, 1925) consist of debts, the service on which can be met by revenues derived from securities for the time being, and amount to $229,000,000 in foreign obligations and $39,300,000 domestic. Debts owed by the Chinese Government to American creditors are approximately $30,000,000 gold, all of which are inadequately secured.

35. China's currency is on a silver-copper basis. The fluctuations in silver exchange


SIBERIA
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HAINAN
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INDIA
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Lake Baikal
Kaidalovo
Blagovestchensk
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Khabarovsk
Manchouli
Urga
Tsitsihar
Harbin
Changchun
Vladivostok
Mukden
Antung
Dairen
Port Arthur
Weihaiwei (British)
Seoul
Fusan
Kobe
Pootowchen
Kalgan
PEKING
Tientsin
Kanchow
Yellow R.
Taiyüan
Chungwei
Hwang ho or Yellow R.
Lanchow
Kungchang
Tungkwan
Tsinglao
Kaifeng
Haichow
780 MILES
Chinkiang
Nanking
Shanghai
Soochow
Hankow
Hangchow
Kiukiang
Nanchang
Wenchow
Chengtu
Ichang
1,450 MILES
Yangtze Kiang R.
Chungking
Changsha
Pingsiang
Foochow
Talifu
Yunnanfu
Shiuchow
Amoy
652 MILES
Swatow
Canton
Hongkong (British)
Wuchow
Lungchow
Mandalay
Hanoi
Haifong
450 MILES
638 MILES
TROPIC OF CANCER
92°
100°
108°
116°
124°
132°
140°
56°
44°
36°
28°
20°
12°
CHINA
SCALE
0 100 200 300 400 500
STATUTE MILES
LEGEND
RAILROADS
INTERNATIONAL BOUNDARIES
BOUNDARIES OF OUTER TERRITORIES
GRAND CANAL
RAIL DISTANCES STATUTE MILES
STEAMER DISTANCES NAUTICAL MILES
DISTANCES MILES
SHANGHAI TO HANKOW, VIA STEAMER 612
SHANGHAI TO TIENTSIN, VIA RAIL 821
SHANGHAI TO PEKING, VIA RAIL 907
SHANGHAI TO HARBIN, VIA RAIL 1,597
HANKOW TO PEKING, VIA RAIL 768
SHANGHAI TO HONGKONG, STEAMER ONLY 852
HONGKONG TO CANTON, STEAMER ONLY 83
HONGKONG TO AMOY, STEAMER ONLY 290
FOOCHOW TO SHANGHAI, STEAMER ONLY 470
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are factors of commanding importance in both imports and exports. The more silver one can purchase with the gold dollar, the more one can buy of China's products. The less silver the gold dollar commands, the more the Chinese dealer can purchase of American products. Foreign merchants generally fix the silver exchange value at the time their agreements are consummated, whereas the Chinese dealers are prone to delay fixing exchange until the obligations are due, gambling on a better rate. When possible to do so, the Chinese importer would do well to arrange to sell such articles as are intended for consumption among the masses on a fixed price in silver with a sliding scale of discounts on a basis of fluctuation in exchange. To the importer and exporter, silver exchange rates are factors of commanding importance.

36. In China, silver coins are a commodity as well as a medium of exchange. The standard in business transactions is the ounce of silver bullion, or sycee, known as the silver tael. Gradually the silver dollar is replacing the tael unit. Among the Chinese masses copper is the common medium. Indicative of improving economic conditions is the fact that the copper 10 and 20 cash pieces have in most sections replaced brass 1-cash coins. During the past few years living costs in China, especially in the trading centers, have advanced 100 per cent. During the past 25 years the price of rice has advanced threefold. These increased living costs are responsible for considerable industrial unrest in the manufacturing centers.

37. The comprador, the one-time indispensable intermediary in the foreigners' business relations with the Chinese, is gradually merging into a Chinese assistant or credit man, as he no longer guarantees 100 per cent of the foreign firms' accounts with jobbers or

dealers. Some companies, well seasoned in the Chinese trade, operate without compradors.

38. It is not likely that the Chinese people will rapidly develop import and export houses for direct foreign trade. Physically, China is very much like the United States. It is a vast continental country. Its internal resources will have to be developed before it can, of its own accord, embark upon foreign trade in a large way. The fact that China has no oversea mercantile marine, no big banking or trading companies abroad, and few marine insurance companies would seem to indicate that its foreign trade will, in the main, be left to foreign concerns for some time to come.

39. The Chinese buyer often contracts to pay for goods on installment deliveries, or, when buying equipment, in installments pending the completion of the plant or equipment. This often involves financing on the part of the concerns located in China, and it is one of the reasons why the American manufacturer often finds it advisable to work through a representative in China.

40. Under ordinary circumstances, the American manufacturer and jobber, in efforts to extend his trade with China, would do well to make connections with a reputable American concern already established in China, or after a thorough investigation of the market, if he finds his commodity is one commanding good sales prospects, open an office in China, or at least cover the field with his own representative.

41. Modern selling and merchandizing methods are becoming of greater importance to the marketing of goods in China. Foreign import and export houses are concentrating on fewer lines under the direction of specially trained experts. Thus, there is a marked tendency toward specialization. Some of the manufacturers have their own

specially trained factory men in the field, assisting and working through their local connections.

42. Great care should be exercised in the choice of a representative for the sale of one's products in China. If a man is sent from the United States, bear in mind that a cheap man is likely to become increasingly expensive in proportion to the distance he is sent from headquarters.

43. Personnel may probably be rated as 75 per cent of the success of a foreign or non-Chinese organization in China. Competition is on an international basis. The individual stands out in a more prominent way, owing to the comparatively small number of foreigners in the Chinese communities.

44. American manufacturers should avoid connections with those who would collect retaining fees from a large number of small manufacturers and flood the home concerns with more excuses than orders. Inquiries directed to the offices of the American commercial attaché in China (Peking or Shanghai) or to the American chambers of commerce in China will secure reliable information regarding who's who in the China trade. American firms often destroy the effectiveness of their representatives in China by unduly restricting their powers of attorney, thereby creating the suspicion among those with whom they come in contact that they do not have the confidence of their principals.

45. Once a favorable connection is made, manufacturers, in order to succeed in the market, must cooperate in every way with their local agents in China by refraining from doing direct business over the heads of their agents and by carefully heeding the instructions accompanying orders submitted by agents. When samples are sent into the field, manufacturers should be certain that subsequent shipments measure up in every

way to the samples. Agents should be kept posted promptly by manufacturers regarding changes in price lists and given the advantage of all literature published by the company.

46. American manufacturers should avoid assigning more territory to a China representative than he is able to cover effectively. Ordinarily, northern Manchuria is reached through Harbin and the southern part through Dairen. North China is handled from Tientsin, Central China from Shanghai and Hankow, and South China from Hongkong or Canton.

47. The length of time required for mail dispatched from Shanghai to reach principal points in China and for replies to be received at Shanghai, assuming that the letters are promptly answered upon their receipt, is as follows (mileage in statute miles):

Canton, 935 miles, 8 to 15 days; communication only by steamer.
Chungking, 1,400 miles, 25 to 45 days; communication only by Yangtze River steamers.
Dairen, 640 miles, 7 to 12 days, depending on steamer connections; mail goes only by steamer.
Hankow, 612 miles, 8 to 9 days; communication by railway to Nanking, remainder of distance by Yangtze River steamers.
Harbin, 1,597 miles, 6 to 7 days; communication all of the way by rail or by steamer to Dairen and thence by rail.
Hongkong, 852 miles, 3 to 4 days; communication by steamer only.
Mukden, 1,244 miles, 5 to 6 days; rail service, or by steamer to Dairen and thence by rail.
Peking, 907 miles, 3 to 4 days; rail service.
Tientsin, 821 miles; rail service.
Tsingtao, 450 miles, 6 to 9 days, depending on steamer service.

48. The parcel-post rates from China to the United States are $0.24 Mexican per pound up to 22 pounds, except for Shanghai, where a maximum weight of 50 pounds is permissible. The parcels may not exceed 3 feet 6 inches in length, breadth, or depth and

not exceed 6 feet in length and girth combined. Parcels are shipped via direct Pacific steamers to the United States. American exporters should carefully conform to China agents' specifications regarding shipping or forwarding instructions.

49. The American Government has recognized the new Chinese trade-mark law. It is necessary to register trade-marks covering goods seeking a market in China, as the Chinese attach much importance to established trade-marks. The style of the package, the color of the wrapper, or the nature of the container are often important considerations. The thrifty Chinese finds a use for the empty carton, jar, or other container. A picture trade-mark is more impressive to the average non-English reading Chinese than one which carries only a name. One should also exercise great care in translating the names of American products into Chinese, so that they carry no mistaken or wrongful interpretation in the Chinese vernacular. The Chinese have not yet enacted a law for the protection of copyrights and patents, hence we must still rely upon treaty provisions for such protection as we are able to secure.

50. Under the China trade act, American companies may incorporate for trading in China, exempt from American home taxes on income earned in China. The registrar of the China trade act companies maintains offices with the commercial attaché in the Robert Dollar Building, Shanghai.

51. Americans in China enjoy extraterritorial treaty rights; that is, are exempt from Chinese laws and courts. By the revenue act of 1926, they are exempt from income taxes on incomes earned outside of the United States, provided they have resided abroad for at least six months of the year.

52. Next after Chinese, English is the most used language in all China. Catalogues and

literature in languages other than Chinese or English are of no use in China.

53. American motion-picture films are helping in the popularization of things American. The educational or industrial film is particularly useful in the training of the Chinese in western ideas and methods. It serves as a universal language. It should, however, be carefully captioned in Chinese as well as in English. Thus prepared, it serves as excellent educational and advertising medium. Chinese translations can be best secured in China.

54. There are in China about 12,000 resident Americans, including 2,000 American children. About one-half of the American population is interested in missionary activities, including extensive educational, medical, and other institutions. It is estimated that the aggregate annual budget of our missionary interests in China amounts to $12,000,000 to $15,000,000.

55. There are about 3,500 American residents in Shanghai and about 250 American firms, which is about 50 per cent of the American firms in all of China. Americans in Shanghai have their own downtown club (a six-story building), an out-of-town country club, a school taking care of 450 children from the kindergarten through the high school, a community church, a Navy Y. M. C. A., a joint American-British Y. M. C. A. with about 200 rooms for living quarters, a woman's club, a chamber of commerce with a paid secretary and offices in the Robert Dollar Building, and a number of other distinctively American organizations.

56. In addition to the American Chamber of Commerce at Shanghai, American chambers also function at Tientsin, Hankow, Peking, and Harbin, where there are American communities ranging from 600 to 900 individuals.

PUBLICATIONS ON CHINA'S TRADE

The Bureau of Foreign and Domestic Commerce publishes much useful material on China trade and economic conditions, a catalogue of which may be obtained from any bureau office. The revised edition of the Commercial Handbook of China may be secured from the Superintendent of Documents, Government Printing Office, Washington, D. C., for $1.75 and the Commercial Travelers' Guide to the Far East for $0.85. The offices of the American commercial attaché in China compile a Monthly China Trade Report, copies of which may be had by American firms upon application to the commercial attaché.

The following Chinese Government reports, published in English, are recommended for those interested in trade with China:

Annual Reports of the Chinese Maritime Customs: (*a*) Report and Abstract of Statistics, $2; (*b*) Imports, $3; (*c*) Exports, $3; (*d*) Annual Trade Reports for the individual ports, $0.40 each. Prices in Chinese currency ($1 equals $0.50 U. S. Address, Kelly & Walsh (Ltd.), Shanghai.

Shanghai Quarterly Market Prices Report. Distributed free by the Shanghai Bureau of Markets, 50 Avenue Edward VII, Shanghai.

Chinese Economic Monthly and Chinese Economic Bulletin. Subscription, $10 ($5 U. S.) per year. Address, 20 Museum Road, Shanghai.

China Postal Guide. Price, $0.50 Mexican. Address, Supply Department, Director General of Posts, Shanghai.

China Trade-Marks Record. Price $4 Mexican per 12 consecutive copies. Address, Bureau of Trade-Marks, Peking.

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